



Milwaukee County

Employees' Retirement System
of Milwaukee County
Monthly Update
May 31, 2012

Total Fund Composite

Manager Status

Market Value: \$1,682.0 Million and 100.0% of Fund

Investment Manager	Asset Class	Status	Reason
J.P. Morgan	Core Fixed Income	In Compliance	---
Mellon Capital	Core Fixed Income	In Compliance	---
Boston Partners	Large-Cap Value	In Compliance	---
Mellon Capital - Non Lending	Large-Cap Core	In Compliance	---
Artisan Partners	Mid-Cap Growth	In Compliance	---
I Shares MCG	Mid-Cap Growth	In Compliance	---
AQR	Small-Cap Value	In Compliance	---
Fiduciary Management	Small-Cap Value	In Compliance	---
Barings	Non-U.S. Large-Cap Core	In Compliance	---
GMO Large-Cap	Non-U.S. Large-Cap Value	On Notice	Performance
GMO Small-Cap	Non-U.S. Small-Cap Value	In Compliance	---
Barings EM	Emerging Markets	Alert	Performance
ABS	Hedged Equity Hedge FoF	Alert	Performance
K2	Hedged Equity Hedge FoF	In Compliance	---
American Realty Advisors	Core Real Estate	Alert	Professional Turnover
Morgan Stanley	Core Real Estate	Alert	Professional Turnover
Trumbull Property Fund	Core Real Estate	In Compliance	---
IFM	Core Infrastructure	In Compliance	---
J.P. Morgan	Core Infrastructure	In Compliance	---
Adams Street	Private Equity	In Compliance	---

Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

In Compliance – The investment manager states it is acting in accordance with the Investment Policy Guidelines.

Alert – The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

On Notice – The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination.

Termination – The Trustees have decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

Total Fund Composite

Market Value: \$1,682.0 Million and 100.0% of Fund

Ending May 31, 2012

	Asset Class	Market Value (\$)	3 Mo Net Cash Flows (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Total Fund Composite		1,682,011,305	-29,406,335	100.0	100.0	0
Fixed Income Composite		480,013,530	-10,147,787	28.5	29.0	-7,769,732
J.P. Morgan	Core Fixed Income	328,103,779	-132,078	19.5		
Mellon Capital	Core Fixed Income	151,909,751	-10,015,710	9.0		
U.S. Equity Composite		389,867,809	-20,426,396	23.2	23.0	3,005,208
Boston Partners	Large-Cap Value	115,568,060	-12,555,942	6.9	7.0	-2,172,731
Mellon Capital - Non Lending	Large-Cap Core	100,352,774	-7,510,485	6.0	6.0	-567,905
Artisan Partners	Mid-Cap Growth	47,996,178	-101,285	2.9	2.5	5,945,895
I Shares MCG	Mid-Cap Growth	38,057,579	-76,446	2.3	2.5	-3,992,703
AQR	Small-Cap Value	40,544,160	-100,439	2.4	2.5	-1,506,122
Fiduciary Management	Small-Cap Value	47,349,057	-81,801	2.8	2.5	5,298,774
International Equity Composite		296,532,499	0	17.6	18.0	-6,229,553
Barings	Non-U.S. Large-Cap Core	104,270,945	0	6.2	6.0	3,350,266
GMO Large-Cap	Non-U.S. Large-Cap Value	82,043,248	0	4.9	6.0	-18,877,430
GMO Small-Cap	Non-U.S. Small-Cap Value	59,708,113	0	3.5	3.0	9,247,773
Barings EM	Emerging Markets	50,510,194	0	3.0	3.0	49,855
Hedged Equity Composite		176,736,616	0	10.5	10.0	8,535,485
ABS	Hedged Equity Hedge FoF	90,083,905	0	5.4	5.0	5,983,339
K2	Hedged Equity Hedge FoF	86,652,711	0	5.2	5.0	2,552,146
Real Estate Composite		135,817,111	2,750,062	8.1	7.0	18,076,319
American Realty Advisors	Core Real Estate	31,881,874	4,056,472	1.9		
Morgan Stanley	Core Real Estate	88,602,577	-1,149,984	5.3		
Trumbull Property Fund	Core Real Estate	15,295,449	-156,427	0.9		
Infrastructure Composite		130,062,788	-1,769,984	7.7	7.0	12,321,996
IFM	Core Infrastructure	70,698,321	-750,000	4.2	3.5	11,827,925
J.P. Morgan	Core Infrastructure	59,364,467	-1,019,984	3.5	3.5	494,071

Total Fund Composite

Market Value: \$1,682.0 Million and 100.0% of Fund

Ending May 31, 2012

	Asset Class	Market Value (\$)	3 Mo Net Cash Flows (\$)	% of Portfolio	Policy %	Policy Difference (\$)
Private Equity Composite		26,914,363	-177,247	1.6	6.0	-74,006,315
Progress	U.S. Private Equity FoF	19,655	0	0.0		
Brinson 1998	U.S. Private Equity FoF	312,981	0	0.0		
Brinson 1999	U.S. Private Equity FoF	407,677	0	0.0		
Brinson 2000	U.S. Private Equity FoF	1,305,060	0	0.1		
Brinson 2001	U.S. Private Equity FoF	2,426,616	-237,171	0.1		
Brinson 2002	U.S. Private Equity FoF	1,612,137	-132,720	0.1		
Brinson 2003	U.S. Private Equity FoF	1,347,411	-141,840	0.1		
Brinson 2004	U.S. Private Equity FoF	2,146,040	-112,532	0.1		
Adams Street 2005	U.S. Private Equity FoF	7,284,644	-39,396	0.4		
Adams Street 2009	U.S. Private Equity FoF	10,052,142	486,412	0.6		
Separate Account	Divers. Private Equity	0	0	0.0		
Total Cash Equivalents		46,066,590	365,017	2.7	0.0	46,066,590

Total Fund Composite

Annualized Performance (Gross of Fees)

Market Value: \$1,682.0 Million and 100.0% of Fund

Ending May 31, 2012

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	-4.2%	-3.5%	1.9%	-2.5%	7.3%	9.9%	1.7%	1.1%	4.9%	6.5%
<i>Total Fund Benchmark</i>	-4.1%	-3.4%	2.7%	-0.5%	8.7%	10.1%	1.8%	1.3%	4.8%	5.9%
Fixed Income Composite	0.8%	1.5%	2.6%	6.9%	6.4%	9.0%	7.3%	6.9%	6.4%	7.1%
<i>Barclays Capital Aggregate</i>	0.9%	1.5%	2.3%	7.1%	6.5%	7.1%	6.7%	6.7%	5.7%	5.7%
U.S. Equity Composite	-7.1%	-4.5%	5.3%	-3.8%	10.8%	15.6%	1.8%	0.1%	4.6%	5.5%
<i>Dow Jones U.S. Total Stock Market (Full-Cap)</i>	-6.2%	-4.0%	5.3%	-1.9%	11.7%	15.5%	1.0%	-0.4%	4.1%	5.0%
International Equity Composite	-11.2%	-13.4%	-3.1%	-20.5%	2.5%	3.6%	-8.1%	-7.3%	-1.5%	1.9%
<i>MSCI ACWI ex USA Gross</i>	-11.3%	-13.7%	-2.7%	-20.1%	2.1%	5.0%	-7.1%	-5.1%	3.8%	6.1%
Hedged Equity Composite	-3.3%	-3.0%	1.5%	-5.1%	2.2%	--	--	--	--	--
<i>HFRX Equity Hedge Index</i>	-3.1%	-2.8%	0.7%	-13.3%	-4.8%	-2.1%	-7.0%	-6.4%	-1.4%	0.2%
<i>Russell 3000</i>	-6.2%	-3.9%	5.2%	-1.9%	11.7%	15.4%	0.8%	-0.8%	3.8%	4.6%
<i>MSCI ACWI</i>	-9.0%	-9.4%	0.7%	-12.3%	6.0%	8.8%	-4.2%	-3.7%	3.1%	4.6%
Real Estate Composite	0.0%	3.0%	3.0%	12.0%	19.0%	21.3%	2.0%	-1.3%	6.1%	10.1%
<i>Custom Real Estate Benchmark</i>	0.0%	0.8%	2.6%	10.4%	15.7%	23.4%	-0.1%	-3.8%	4.4%	9.3%
<i>NFI</i>	0.0%	0.9%	2.8%	11.3%	15.7%	6.3%	-3.6%	-1.1%	4.1%	6.3%
Infrastructure Composite	-2.0%	-0.7%	0.3%	3.0%	11.1%	--	--	--	--	--
<i>CPI +4%</i>	0.2%	1.9%	3.5%	5.8%	6.7%	6.5%	5.5%	6.1%	6.5%	6.6%
Private Equity Composite	0.0%	0.0%	0.0%	3.6%	11.6%	14.2%	3.4%	5.1%	12.7%	10.3%
<i>Venture Economics All PE</i>	0.0%	0.0%	0.0%	1.4%	11.1%	13.9%	4.2%	4.5%	10.0%	10.2%

Investment Manager

Annualized Performance (Gross of Fees)

Market Value: \$1,682.0 Million and 100.0% of Fund

Ending May 31, 2012

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund Composite	-4.2%	-3.5%	1.9%	-2.5%	7.3%	9.9%	1.7%	1.1%	4.9%	6.5%
<i>Total Fund Benchmark</i>	-4.1%	-3.4%	2.7%	-0.5%	8.7%	10.1%	1.8%	1.3%	4.8%	5.9%
Fixed Income Composite	0.8%	1.5%	2.6%	6.9%	6.4%	9.0%	7.3%	6.9%	6.4%	7.1%
<i>Barclays Capital Aggregate</i>	0.9%	1.5%	2.3%	7.1%	6.5%	7.1%	6.7%	6.7%	5.7%	5.7%
J.P. Morgan	0.8%	1.6%	2.7%	6.9%	6.5%	7.3%	7.1%	7.0%	--	--
<i>Barclays Capital Aggregate</i>	0.9%	1.5%	2.3%	7.1%	6.5%	7.1%	6.7%	6.7%	5.7%	5.7%
Mellon Capital	0.8%	1.5%	2.3%	7.0%	6.4%	7.0%	6.7%	6.7%	5.7%	5.7%
<i>Barclays Capital Aggregate</i>	0.9%	1.5%	2.3%	7.1%	6.5%	7.1%	6.7%	6.7%	5.7%	5.7%
U.S. Equity Composite	-7.1%	-4.5%	5.3%	-3.8%	10.8%	15.6%	1.8%	0.1%	4.6%	5.5%
<i>Dow Jones U.S. Total Stock Market (Full-Cap)</i>	-6.2%	-4.0%	5.3%	-1.9%	11.7%	15.5%	1.0%	-0.4%	4.1%	5.0%
Boston Partners	-7.5%	-4.5%	5.4%	-2.0%	10.6%	14.1%	2.1%	-0.1%	5.5%	5.9%
<i>Russell 1000 Value</i>	-5.9%	-4.1%	3.5%	-3.9%	9.3%	13.7%	-1.3%	-3.6%	2.4%	4.1%
Mellon Capital - Non Lending	-6.0%	-3.5%	5.2%	-0.4%	11.9%	14.9%	0.6%	-0.9%	3.6%	4.2%
<i>S&P 500</i>	-6.0%	-3.5%	5.2%	-0.4%	12.0%	14.9%	0.6%	-0.9%	3.5%	4.1%
Artisan Partners	-8.6%	-5.4%	11.3%	-0.4%	19.6%	22.2%	7.2%	6.1%	9.7%	9.0%
<i>Russell MidCap Growth</i>	-7.4%	-5.3%	6.1%	-6.3%	13.0%	18.5%	1.7%	1.2%	5.8%	7.0%
I Shares MCG	-7.3%	-5.4%	4.0%	--	--	--	--	--	--	--
<i>Russell MidCap Growth</i>	-7.4%	-5.3%	6.1%	-6.3%	13.0%	18.5%	1.7%	1.2%	5.8%	7.0%
AQR	-6.9%	-5.9%	2.1%	-9.5%	5.1%	17.4%	1.5%	-2.5%	--	--
<i>Russell 2000 Value</i>	-6.1%	-4.6%	3.3%	-8.3%	6.2%	15.5%	1.1%	-2.4%	3.3%	5.8%
Fiduciary Management	-7.2%	-4.3%	2.0%	-8.1%	7.8%	--	--	--	--	--
<i>Russell 2000 Value</i>	-6.1%	-4.6%	3.3%	-8.3%	6.2%	15.5%	1.1%	-2.4%	3.3%	5.8%
International Equity Composite	-11.2%	-13.4%	-3.1%	-20.5%	2.5%	3.6%	-8.1%	-7.3%	-1.5%	1.9%
<i>MSCI ACWI ex USA Gross</i>	-11.3%	-13.7%	-2.7%	-20.1%	2.1%	5.0%	-7.1%	-5.1%	3.8%	6.1%
Barings	-11.6%	-12.8%	-1.7%	-15.8%	3.9%	4.5%	-7.8%	--	--	--
<i>MSCI EAFE</i>	-11.5%	-13.6%	-3.8%	-20.5%	1.9%	3.4%	-8.5%	-7.3%	1.5%	4.0%
GMO Large-Cap	-10.7%	-13.7%	-7.1%	-23.0%	1.1%	1.1%	-9.6%	-8.4%	0.6%	4.9%
<i>MSCI EAFE</i>	-11.5%	-13.6%	-3.8%	-20.5%	1.9%	3.4%	-8.5%	-7.3%	1.5%	4.0%
<i>MSCI EAFE Value</i>	-11.7%	-15.3%	-6.1%	-22.6%	-0.5%	1.1%	-9.5%	-9.2%	0.4%	3.9%
GMO Small-Cap	-10.9%	-11.0%	-0.7%	-21.8%	6.1%	6.2%	--	--	--	--
<i>MSCI EAFE Small Cap Gross</i>	-11.7%	-12.0%	1.1%	-19.4%	5.7%	8.8%	-4.4%	-5.8%	3.1%	8.0%
Barings EM	-11.5%	-16.5%	-2.2%	-23.7%	-1.9%	--	--	--	--	--
<i>MSCI Emerging Markets</i>	-11.2%	-15.2%	0.1%	-20.3%	1.3%	7.9%	-4.7%	0.1%	10.0%	12.8%

Investment Manager

Annualized Performance (Gross of Fees)

Market Value: \$1,682.0 Million and 100.0% of Fund

Ending May 31, 2012

	1 Mo	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Hedged Equity Composite	-3.3%	-3.0%	1.5%	-5.1%	2.2%	--	--	--	--	--
HFRX Equity Hedge Index	-3.1%	-2.8%	0.7%	-13.3%	-4.8%	-2.1%	-7.0%	-6.4%	-1.4%	0.2%
Russell 3000	-6.2%	-3.9%	5.2%	-1.9%	11.7%	15.4%	0.8%	-0.8%	3.8%	4.6%
MSCI ACWI	-9.0%	-9.4%	0.7%	-12.3%	6.0%	8.8%	-4.2%	-3.7%	3.1%	4.6%
ABS	-3.6%	-3.6%	0.2%	-5.3%	2.5%	--	--	--	--	--
HFRX Equity Hedge Index	-3.1%	-2.8%	0.7%	-13.3%	-4.8%	-2.1%	-7.0%	-6.4%	-1.4%	0.2%
Russell 3000	-6.2%	-3.9%	5.2%	-1.9%	11.7%	15.4%	0.8%	-0.8%	3.8%	4.6%
MSCI ACWI	-9.0%	-9.4%	0.7%	-12.3%	6.0%	8.8%	-4.2%	-3.7%	3.1%	4.6%
K2	-3.0%	-2.4%	2.9%	-4.8%	1.8%	--	--	--	--	--
HFRX Equity Hedge Index	-3.1%	-2.8%	0.7%	-13.3%	-4.8%	-2.1%	-7.0%	-6.4%	-1.4%	0.2%
Russell 3000	-6.2%	-3.9%	5.2%	-1.9%	11.7%	15.4%	0.8%	-0.8%	3.8%	4.6%
MSCI ACWI	-9.0%	-9.4%	0.7%	-12.3%	6.0%	8.8%	-4.2%	-3.7%	3.1%	4.6%
Real Estate Composite	0.0%	3.0%	3.0%	12.0%	19.0%	21.3%	2.0%	-1.3%	6.1%	10.1%
Custom Real Estate Benchmark	0.0%	0.8%	2.6%	10.4%	15.7%	23.4%	-0.1%	-3.8%	4.4%	9.3%
NFI	0.0%	0.9%	2.8%	11.3%	15.7%	6.3%	-3.6%	-1.1%	4.1%	6.3%
American Realty Advisors	0.0%	3.0%	3.0%	13.4%	--	--	--	--	--	--
NFI	0.0%	0.9%	2.8%	11.3%	15.7%	6.3%	-3.6%	-1.1%	4.1%	6.3%
Morgan Stanley	0.0%	3.0%	3.0%	16.5%	--	--	--	--	--	--
NFI	0.0%	0.9%	2.8%	11.3%	15.7%	6.3%	-3.6%	-1.1%	4.1%	6.3%
Trumbull Property Fund	0.0%	3.0%	3.0%	--	--	--	--	--	--	--
NFI	0.0%	0.9%	2.8%	11.3%	15.7%	6.3%	-3.6%	-1.1%	4.1%	6.3%
Infrastructure Composite	-2.0%	-0.7%	0.3%	3.0%	11.1%	--	--	--	--	--
CPI +4%	0.2%	1.9%	3.5%	5.8%	6.7%	6.5%	5.5%	6.1%	6.5%	6.6%
IFM	-3.7%	-1.3%	0.6%	1.0%	11.4%	--	--	--	--	--
CPI +4%	0.2%	1.9%	3.5%	5.8%	6.7%	6.5%	5.5%	6.1%	6.5%	6.6%
J.P. Morgan	0.0%	0.0%	0.0%	5.5%	--	--	--	--	--	--
CPI +4%	0.2%	1.9%	3.5%	5.8%	6.7%	6.5%	5.5%	6.1%	6.5%	6.6%

Total Fund Composite

Fee Schedule

Market Value: \$1,682.0 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee ¹	Industry Average ²
Core Fixed Income	J.P. Morgan	0.20% on the first \$100 million 0.15% on the Balance	0.17% \$542,156	0.24%
Core Fixed Income	Mellon Capital	0.04% on the first \$200 million 0.02% on the Balance	0.04% \$60,764	0.08%
Large-Cap Value	Boston Partners	0.40% on the first \$15 million 0.30% on the next \$25 million 0.20% on the next \$25 million 0.15% on the next \$35 million 0.10% on the Balance	0.22% \$253,068	0.51%
Large-Cap Core	Mellon Capital - Non Lending	0.04% on the first \$200 million 0.02% on the Balance	0.04% \$40,141	0.09%
Mid-Cap Growth	Artisan Partners	0.80% on the first \$50 million 0.60% on the next \$50 million 0.50% on the Balance	0.80% \$383,969	0.78%
Mid-Cap Growth	I Shares MCG	0.25% on the Balance	0.25% \$95,144	0.27%
Small-Cap Value	AQR	1.00% on the first \$25 million 0.85% on the next \$50 million 0.75% on the Balance	0.94% \$382,125	0.95%
Small-Cap Value	Fiduciary Management	0.70% on the first \$10 million 0.65% on the next \$40 million 0.60% on the next \$25 million 0.50% on the Balance	0.66% \$312,769	0.95%
Non-U.S. Large-Cap Core	Barings	0.75% on the Balance	0.75% \$782,032	0.68%
Non-U.S. Large-Cap Value	GMO Large-Cap	0.67% on the Balance	0.67% \$549,690	1.04%
Non-U.S. Small-Cap Value	GMO Small-Cap	0.75% on the Balance	0.75% \$447,811	1.16%
Emerging Markets	Barings EM	0.75% on the Balance	0.75% \$378,826	0.92%
Hedged Equity Hedge FoF	ABS	0.85% on the Balance *redemptions quarterly with 45 days notice	0.85% \$765,713	1.37%
Hedged Equity Hedge FoF	K2	0.90% on the Balance *redemptions quarterly with 91 days notice	0.90% \$779,874	1.37%

Total Fund Composite

Fee Schedule

Market Value: \$1,682.0 Million and 100.0% of Fund

Asset Class	Investment Manager	Fee Schedule	Expense Ratio & Estimated Annual Fee ¹	Industry Average ²
Core Real Estate	American Realty Advisors	0.95% on the Balance	0.95% \$302,878	1.03%
Core Real Estate	Morgan Stanley	0.90% on the Balance	0.90% \$797,423	1.03%
Core Real Estate	Trumbull Property Fund	0.955% on the first \$10 million 0.825% on the next \$15 million 0.805% on the next \$25 million 0.79% on the next \$50 million 0.67% on the next \$150 million 0.60% on the Balance	0.91% \$139,187	1.03%
Core Infrastructure	IFM	1.25% on the first \$250 million 1.15% on the next \$250 million 1.00% on the Balance (two year hard lock) ³ Performance Fee: 20% of return above 8% on a rolling three year basis (begins 12/31/11)	1.25% \$883,729	1.80%
Core Infrastructure	J.P. Morgan	2.00% on the Balance (six year soft lock, no performance fee) ³	2.00% \$1,187,289	1.80%
Private Equity	Adams Street	0.90% on the Balance until 2016 *based on \$40mm commitment	0.90% \$242,229	1.11%
Cash Overlay	BNY Beta Management	0.025% on the Balance	0.03% \$11,517	0.20%
Total Investment Management Fees			0.56% \$9,338,336	1.81%
Custodian	BNY Mellon	\$50,000 Flat Annual Fee	\$50,000	N/A
Total Fund			0.56% \$9,388,336	

¹ Expense Ratio & Estimated Annual Fee are Based on Market Value at Month End.

² Source: 2010 Marquette Associates Investment Management Fee Study.

³ Hard Lock-Up - investors can withdraw 2.5% per quarter, free of charge during lock-up period. Soft Lock-Up - investors can withdraw semi-annually with a 6% redemption fee charged during lock-up period (4% to the Fund and 2% to the manager).